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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/675,412	09/29/2000	Russell Anderson	5240	9663
22862	7590	07/25/2006	EXAMINER KESACK, DANIEL	
GLENN PATENT GROUP 3475 EDISON WAY, SUITE L MENLO PARK, CA 94025			ART UNIT 3624	PAPER NUMBER

DATE MAILED: 07/25/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b> 09/675,412	<b>Applicant(s)</b> ANDERSON ET AL.	
	<b>Examiner</b> Dan Kesack	<b>Art Unit</b> 3624	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 15 May 2006.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-12 and 14-23 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-12 and 14-23 is/are rejected.
- 7) ☒ Claim(s) 3 is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |   |   |
|---|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                        | 4) <input type="checkbox"/> Interview Summary (PTO-413)                     |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)    | Paper No(s)/Mail Date: _____  |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date: _____  | 6) <input type="checkbox"/> Other: _____                                    |

### **DETAILED ACTION**

1. Amendment filed May 15, 2006 has been entered and fully considered. Original claims 2-12, 20-23, and amended claims 1, 14-19 are currently pending. Claim 13 has been cancelled. The rejections are as stated below.

#### ***Claim Objections***

2. Claim 3 is objected to because of the following informalities: the preamble does not contain a linking phrase, and is grammatically incorrect. Examiner respectfully suggests amending claim 3 to read: "The method of claim 1 further comprising: responsive to the level... " Appropriate correction is required.

#### ***Claim Rejections - 35 USC § 112***

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 1-12, 14-19 and 23 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 1 and 14 recite, "A computer implemented method of processing a transaction to determine the risk of transaction, the method comprising:" as the preamble of the claims. The bodies of the claims contain no elements of transaction processing. It is unclear from the language how the claimed method relates to a processing a transaction.

Claims 1, 14, 18, and 19 recite, "wherein said merchant names are textual data or other high categorical data." The phrase "other high categorical data" renders the claim indefinite. One is unable to determine the scope of the phrase "other high categorical data" or to determine what is considered encompassed by "high categorical data". Applicant's specification details, "High categorical data fields are supplied in a form that can take a very large number of potential values," but provides no definite information as to what the claimed "other high categorical data" includes.

Claims 7 and 9 recite "an estimate of the percentage of transactions in the merchant cluster that are fraudulent." Applicant's specification describes merchant clusters as groupings containing related merchants. It is unclear how a merchant cluster, containing merchants, also contains transactions. Examiner has interpreted the

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claim to mean transactions at merchants within the merchant cluster, as recited in claims 6 and 8.

The term "substantially less" in claim 23 is a relative term which renders the claim indefinite. The term "substantially" is not defined by the claim, the specification does not provide a standard for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably apprised of the scope of the invention.

Claims 2-6, 8, 10-12, and 15-17 are rendered indefinite for depending from claims which are indefinite for the reasons cited above.

### ***Claim Rejections - 35 USC § 101***

5. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-12, 14-23 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

35 U.S.C. 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added).

Claims 1-12, 14-18, and 20-23 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to a non-statutory subject matter. Specifically the claimed invention as a whole does not accomplish a practical application. That is, it must produce a “useful, concrete and tangible result.” See *State Street*, 149 F.3d at 1373, 47 USPQ2d at 1601-02. Accordingly, a complete disclosure should contain some indication of the practical application for the claimed invention. The mere fact that the claim performs applying the merchant cluster and data from transactions to a predictive model does not satisfy the requirement of 35 U.S.C. 101. While the claim language is directed toward the intended use of applying such data as being “to determine the level of risk of the transaction” (claims 1, 14, 18, 20), the step of determining is not positively claimed. Furthermore, the invention, as claimed, does not have practical application. The claim may be interpreted in an alternative as involving no more than a manipulation of an abstract idea and therefore is non-statutory under 35 U.S.C. § 101. The claimed invention as a whole must produce a “useful, concrete and tangible” result to have a practical application.

### ***Response to Arguments***

6. Applicant's arguments, filed May 15, 2006, with respect to claims 1-12, 14-23 have been fully considered and are persuasive. The rejection of claims 1-23 under 35 U.S.C. 103 has been withdrawn.

***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dan Kesack whose telephone number is 571-272-5882. The examiner can normally be reached on M-F, 8am-4:30pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Vincent Millin can be reached on 571-272-6747. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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